

# Shared Appreciation Equity (SAE Restriction) Program

## *FAQs*

*(Frequently Asked Questions)*

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### **Question (Q): What is the Shared Appreciation Equity (SAE) Program restriction?**

Answer (A): It is the buyer's sharing of the property's net appreciation with Hawaii Housing Finance & Development Corporation (HHFDC) in exchange for the buyer being given the opportunity to purchase the property at below-market price.

The percentage share is established at the time of purchase and does not change. The SAE payment amount or share of the net appreciation is based on the current fair market value of the property when the payment is made.

### **Q: When do I pay HHFDC their share of SAE?**

A: Payment ***must*** be made when the property is:

1. Sold;
2. Transferred as a non-permitted transfer;
3. No longer used as the owner's principal dwelling; or
4. Rented.

However, owners have the option of making a partial or full payment in advance at any time. Failure to pay the SAE when due will result in accrued interest and additional charges.

### **Q: When does the SAE Program restriction end?**

A: The SAE Program will remain in effect until HHFDC is paid its share of the net appreciation, in full. For computation of the SAE payment to HHFDC, refer to your property deed.

### **Q: Can I transfer ownership of the property with an SAE restriction?**

A: Yes, the following ownership transfers are called "Permitted Transfers" and are allowed, subject to HHFDC's consent. Under these conditions, no SAE payment is due.

- Transfer by will, descent or operation of law;
- Transfer to a relative upon owner's death;
- Transfer to a spouse or children; or
- Transfer into a revocable trust where the owners are the primary beneficiary and are the occupants of the property.

Owners are advised to contact HHFDC for further information and details when planning to transfer ownership title of the property.

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**Q: Can I refinance my mortgage loan if I have a SAE restriction?**

**A:** Yes. Owners may refinance their existing mortgage loan; however the refinanced loan amount is limited depending on the intent and type of the refinance; and subject to HHFDC consent.

Owners are advised to inform their intended lender of the SAE restriction in advance, and to instruct the lender to send a written request for guidelines to HHFDC at the address listed below:

HHFDC  
677 Queen Street, Suite 300  
Honolulu, Hawaii 96813  
ATTN: RESS

When submitting written requests, please identify the project and unit/lot no., owner's name(s) and property address, and the intent of what you are planning to do, such as:

- A. Selling the property;
- B. Transferring ownership:
  - i. By adding or deleting a family member;
  - ii. To a relative;
  - iii. To a revocable trust
- C. Pay HHFDC's SAE in full

Owners are also advised that HHFDC requires ample time for review and further processing of all written requests. Therefore it is in the owner's best interest to inform HHFDC as soon as practical when intending to pay HHFDC's SAE in full.

*For more detailed information, please refer to the exhibit attached to your property deed call HHFDC's Real Estate Services Section at (808) 587-0511. If calling from the neighbor islands, call toll-free:*

Kauai, 274-3141 ext. 70511  
Maui, 984-2400 ext. 70511  
Hawaii, 974-4000 ext. 70511